

NAFA ISLAMIC MULTI ASSET FUND

**QUARTERLY REPORT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2009
(UN-AUDITED)**

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NAFA ISLAMIC MULTI ASSET FUND

DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Multi Asset Fund for the quarter ended September 30, 2009.

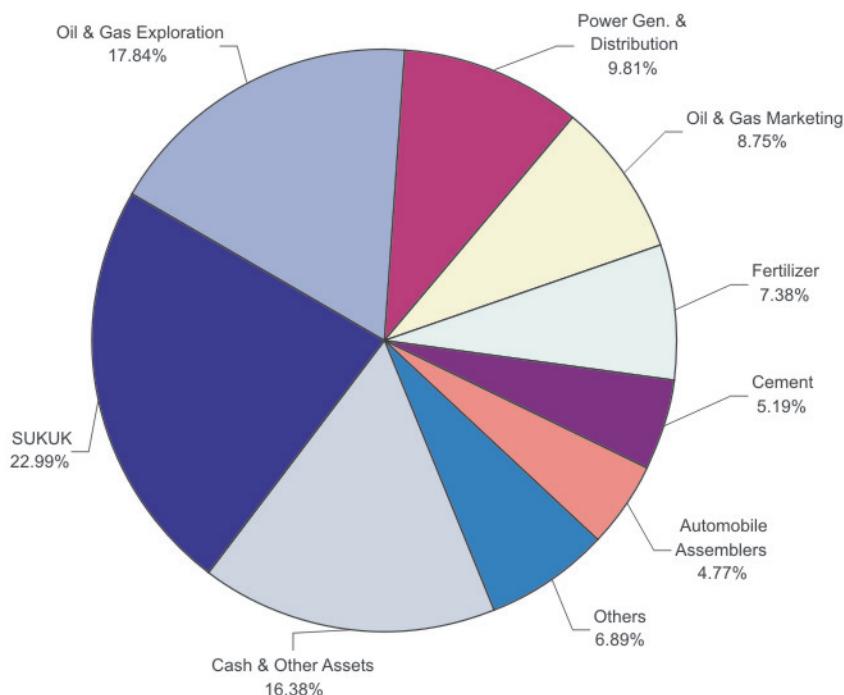
Fund's Performance

The size of NAFA Islamic Multi Asset Fund has increased from Rs.535 million to Rs.601 million during the quarter, i.e. a growth of 12.34%. During the quarter, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs.8.5736 on June 30, 2009 to Rs.10.1767 on September 30, 2009, thus showing a growth of 18.70%, as compared to its benchmark (50% KMI- 30 Index & 50% average 1-month profit rate of Islamic Banks) return of 14.36% for the same period. Thus, the Fund has outperformed its Benchmark by 4.34%.

NAFA Islamic Multi Asset Fund has earned total income of Rs.100.96 million during the period. After deducting expenses of Rs.5.54 million, the net income is Rs.95.42 million, translating into an earning per unit of Rs.1.6031.

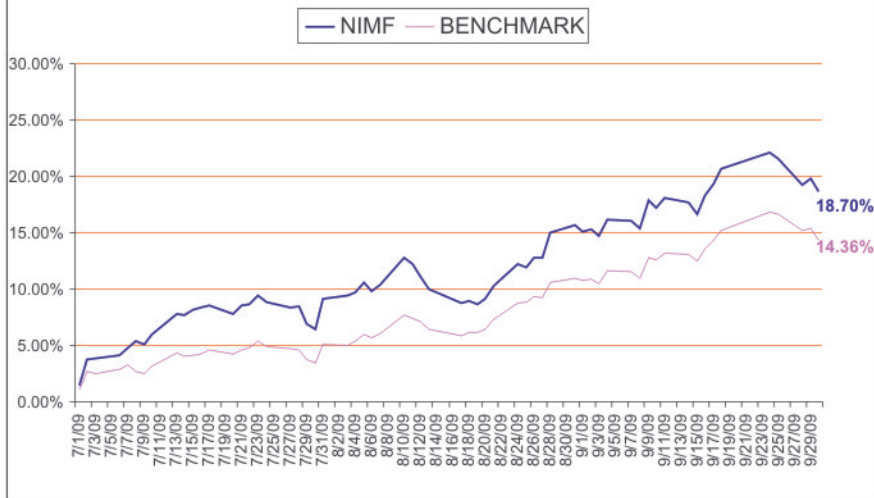
The asset allocation of the Fund as on September 30, 2009, and its performance against the benchmark are as follows:

Asset Allocation as on September 30, 2009



NAFA ISLAMIC MULTI ASSET FUND

**NIMF Performance Versus Benchmark
(From July 1, 2009 to September 30, 2009)**



Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
National Fullerton Asset Management Limited

Chief Executive

Director

Date: October 28, 2009

Place: Karachi.

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2009 (Un-audited)

	Note	September 30, 2009	June 30, 2009
----- Rupees in '000 -----			
Assets			
Balances with banks		66,849	30,654
Receivable against sale of investments		26,825	4,695
Investments	4	502,771	493,372
Dividend and profit receivable	5	10,435	5,468
Advances, Deposits, prepayments and other receivable		3,143	2,697
Preliminary expenses and floatation costs		1,534	1,660
Total assets		611,557	538,546
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company		1,986	1,413
Payable to Central Depository Company of Pakistan Limited - Trustee		119	88
Payable to Securities and Exchange Commission of Pakistan		130	485
Payable against purchase of investments		5,879	-
Payable on redemption of units		252	-
Accrued expenses and other liabilities	6	1,913	1,176
Total liabilities		10,279	3,162
Net Assets		601,278	535,384
Unit Holders' Funds (as per statement attached)		601,278	535,384
Commitments	10	-	-
Number of units			
Number of units in issue		59,083,913	62,445,372
Rupees			
Net asset value per unit		10.1767	8.5736

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Note	Quarter Ended September 30, 2009	Quarter Ended September 30, 2008
----- Rupees in '000 -----			
INCOME			
Gain / (loss) on sale of investments - net		50,394	(28,699)
Income from Sukuk bonds		5,409	6,116
Income from Term Deposit Musharika Certificate		-	1,437
Income from spread transactions		-	165
Profit on bank deposits		704	915
Dividend income		4,101	2,195
Unrealized gain/(loss) on investments at fair value through profit or loss - net		40,355	(48,635)
Total income / (loss)		100,963	(66,506)
EXPENSES			
Remuneration of National Fullerton Asset Management Limited – Management Company		4,574	4,770
Remuneration of Central Depository Company of Pakistan Limited - Trustee		305	318
Annual fee - Securities and Exchange Commission of Pakistan		130	159
Securities transaction cost		1,200	452
Settlement and bank charges		59	71
Annual listing fee		8	8
Auditors' remuneration		104	99
Impairment loss/(gain) on investments classified as 'available for sale'		(7,387)	-
Other expenses		20	113
Amortization of preliminary expenses and floatation costs		126	126
Total Expenses		(861)	6,116
Net income/(loss) from operating activities		101,824	(72,622)
Element of income and capital gains included in prices of units issued less those in units redeemed		(6,409)	7,923
Net income/(loss) for the period before taxation		95,415	(64,699)
Taxation	9	-	-
Net income/(loss) for the period after taxation		95,415	(64,699)
Earning per unit	10		

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Quarter Ended September 30, 2009 ----- Rupees in '000 -----	Quarter Ended September 30, 2008 ----- Rupees in '000 -----
Loss brought forward	(82,519)	(34,292)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	3,633	4,355
Net loss for the period	95,415	(64,699)
Gain / (loss) carried forward	<u>16,529</u>	<u>(94,636)</u>

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Quarter Ended September 30, 2009	Quarter Ended September 30, 2008
	----- Rupees in '000 -----	
Net assets at the beginning of the period	535,384	697,586
Issue of 9,599,138 units (September 30, 2008: 1,043,690 units)	94,342	9,546
Redemption of 12,960,597 units (September 30, 2008: 10,430,173 units)	(130,732)	(91,186)
Element of income and capital gains included in prices of units issued less those in units redeemed	(36,390)	(81,640)
- amount representing (income) / losses and capital (gains) / losses transferred to Income Statement	6,409	(7,923)
- amount representing (income) / losses and capital gains / (losses) that form part of the unit holders' fund - transferred to Distribution Statement	(3,633)	(4,355)
	2,776	(12,278)
Net unrealized (diminution) / appreciation during the year/period in the market value of investments classified as 'available for sale'	460	124
Unrealized gain/(loss) on investments at fair value through profit or loss - net	40,355	(48,635)
Gain / (loss) on sale of investments - net	50,394	(28,699)
Other income (net of expenses)	4,666	12,635
Net gain / (loss) for the period	95,415	(64,699)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	3,633	4,355
Net assets as at the end of the period	601,278	543,448

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Quarter Ended September 30, 2009	Quarter Ended September 30, 2008
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income/(loss) for the period	95,415	(64,699)
Adjustments		
Unrealized (gain) / loss on investments at fair value through profit or loss - net	(40,355)	48,635
(Gain) / loss on sales of investments	(50,394)	28,699
Impairment (gain) / loss on investments classified as 'available for sale'	(7,387)	-
Amortization of preliminary expenses and floatation costs	126	126
Element of income and capital gains included in prices of units issued less those in units redeemed	6,409	(7,923)
	3,814	4,838
(Increase) / decrease in assets		
Receivable against sale of investments	(16,251)	31,938
Investments	89,197	(4,152)
Dividend and profit receivable	(4,967)	647
Advances, Deposits, prepayments and other receivable	(446)	8
	67,533	28,441
Increase / (decrease) in liabilities		
Payable to National Fullerton Asset Management Limited - Management Company	573	(2,009)
Payable to Central Depository Company of Pakistan Limited - Trustee	31	(25)
Payable to Securities and Exchange Commission of Pakistan	(355)	159
Payable on redemption of units	252	750
Accrued expenses and other liabilities	737	(60)
	1,238	(1,185)
Net cash inflow / (outflow) on operating activities	72,585	32,094
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	94,342	9,546
Payments on redemption of units	(130,732)	(91,186)
Net cash (outflow) / inflow from financing activities	(36,390)	(81,640)
Net (decrease) / increase in cash and cash equivalents during the period	36,195	(49,546)
Cash and cash equivalents at the beginning of the year	30,654	61,336
Cash and cash equivalents at the end of the period	66,849	11,790

The annexed notes form an integral part of these condensed interim financial statements.

**For National Fullerton Asset Management Limited
(Management Company)**

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Multi Asset Fund (NIMF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 03, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NIMF is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering to the Fund. The units of the Fund were initially offered for public subscription at par from October 22, 2007 to October 26, 2007.

The core objective of the Fund is to provide investors with a combination of capital growth and income by investing in Shariah compliant investments. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah Compliant securities, instruments and avenues such as equities, musharika, murabahah, ijarah, etc.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2- to the Management Company. Based on the performance of the Fund for the period ended June 30, 2009, It has assigned performance ranking of "Five Star" for short term (tailoring 12 months) to the Fund.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standards 34, Interim Financial Reporting.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2009 are same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2009.

4 INVESTMENTS

	Note	September 30, 2009 Un-audited	June 30, 2009 Audited
----- Rupees in '000 -----			
At fair value through profit or loss - held for trading			
Equity securities - listed	4.1	364,549	361,212
Available for sale			
Sukuk bonds	4.2	<u>138,222</u> <u>502,771</u>	<u>132,160</u> <u>493,372</u>

NAFA ISLAMIC MULTI ASSET FUND

4.1 Equity securities - listed

Name of the investee company	Number of shares					as at September 30, 2009	Investment as a percentage of		
	As at July 1, 2009	Purchases during the period	Bonus/ Right Issue	Sales during the period	As at September 30, 2009		Market Value of net assets	Market Value of Total Investment	Paid-up Capital of Investee Company
	(Rupees in '000)						%		
Commercial Banks									
BankIslami Pakistan Limited	1,465,172			1,464,709	463	3	0.00%	0.00%	0.00%
Meezan Bank Limited	60,500			60,500	-	-	0.00%	0.00%	0.00%
Jute									
Thal Limited	131,400				131,400	16,216	2.70%	3.23%	0.31%
Cement									
Fauji Cement Company Ltd	-	1,050,000		325,000	725,000	5,655	0.94%	1.12%	0.10%
Kohat Cement Ltd.	-	816,500		816,500	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Company Ltd.	-	2,056,000		2,056,000	-	-	0.00%	0.00%	0.00%
Lucky Cement Company Limited	422,100	505,000		585,800	341,300	25,577	4.25%	5.09%	0.11%
Refinery									
Attock Refinery Limited	83,200	125,000		167,341	40,859	6,574	1.09%	1.31%	0.05%
National Refinery Limited	54,788	25,000		46,000	33,788	7,772	1.29%	1.55%	0.04%
Pakistan Refinery Limited	34,065	23,700		57,765	-	-	0.00%	0.00%	0.00%
Power Generation and distribution									
The Hub Power Company Limited	1,497,500	1,372,000		990,000	1,879,500	58,998	9.81%	11.73%	0.16%
Oil and Gas Marketing									
Pakistan State Oil Company Limited	237,794	249,000		318,700	168,094	52,632	8.75%	10.47%	0.10%
Oil and Gas Exploration co.									
Oil and Gas Development Company Limited	702,300	302,000		701,300	303,000	32,536	5.41%	6.47%	0.01%
Pakistan Oil Fields Limited	145,300	405,700		410,100	140,900	29,393	4.89%	5.85%	0.06%
Pakistan Petroleum Limited	300,593	135,500	52,819	249,000	239,912	45,341	7.54%	9.02%	0.02%
Automobile Assemblers									
Indus Motor Company Limited	21,300	65,200			86,500	15,158	2.52%	3.01%	0.11%
Paik Suzuki Motor Company Limited	-	101,000			101,000	8,791	1.46%	1.75%	0.12%
Al Ghazi Tractors Limited	37,600			37,600	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited	-	11,800			11,800	4,715	0.78%	0.94%	0.05%
Technology and Communication									
Pakistan Telecommunication Company Limited	-	540,000	-	-	540,000	10,795	1.80%	2.15%	0.01%
Fertilizers									
Engro Chemical Pakistan Limited	195,696			195,696	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited	374,250	673,300		615,500	432,050	44,393	7.38%	8.83%	0.06%
Paper and Board									
Packages Limited	-	65,000		65,000	-	-	0.00%	0.00%	0.00%
						<u>364,549</u>			
Carrying cost of investments as at September 30, 2009						<u>324,194</u>			

4.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited which have a face value of Rs 5 each.

NAFA ISLAMIC MULTI ASSET FUND

4.2 Sukuk Bonds

Name of the investee company	Number of certificates				Market Value as at September 30, 2009	Investment as a percentage of		
	As at July 1, 2009	Purchases during the period	Sales during the period	As at September 30, 2009		Market Value of net assets	Market Value of total investment	Issue size
(Rupees in '000)								
Eden Housing Limited	5,000	-	-	5,000	24,360	4.05%	4.85%	3.34%
Eden Builders Limited	1,325	-	-	1,325	6,625	1.10%	1.32%	0.33%
Kohat Cement Company Limited (Note 4.2.2)	10,000	-	-	10,000	40,913	6.80%	8.14%	1.64%
Maple Leaf Cement Factory Limited	10,000	-	-	10,000	45,500	7.57%	9.05%	0.57%
Pakistan Electron Limited	5,000	-	-	5,000	20,824	3.46%	4.14%	1.74%
					138,222			
carrying cost of investments as at September 30, 2009					130,375			
Impairment loss					7,387			

4.2.1 All sukuk bonds have a face value of Rs 5,000 each.

4.2.2 This represents investment in privately placed sukuk bonds issue with a term of five years. On December 20, 2008 i.e. the scheduled redemption date, principal redemption of Rs 3.4 million was not received by the Fund. The management has recognized an impairment loss of Rs.7.387 million till September 30, 2009. The income suspended on these term finance certificates is amounting to Rs.2.014 million.

	Note	September 30, 2009	June 30, 2009
(Rupees in '000)			
5 DIVIDEND AND PROFIT RECEIVABLE			
Dividend receivable on equity securities		5,257	2,426
Profit on savings deposits		652	1,406
Income accrued on sukuk bonds		6,540	3,253
Less: Suspended Income		(2,014)	(1,617)
		4,526	1,636
		10,435	5,468

6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	95	212
Brokerage payable	900	124
Bank charges payable	13	14
Payable against printing charges	342	322
Accrued NCCS charges	34	28
Charity payable	529	476
	1,913	1,176

7 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being Trustee, National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

NAFA ISLAMIC MULTI ASSET FUND

	Quarter Ended September 30,2009	Quarter Ended September 30,2008
	----- Rupees in '000 -----	
7.1 Details of the transactions with connected persons are as follows:		
National Fullerton Asset Management Limited - Management Company		
Management fee expense for the period	4,574	4,770
Front end load for the period	1,588	80
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee for the period	305	318
CDS charges	24	43
Executives of the Management Company		
Units issued / transferred in (642,607 units; September 30, 2008: 4,251 units)	6,348	38
Units redeemed / transferred out (379,648 units; September 30, 2008: Nil units)	3,745	-
NAFA Islamic Income Fund		
Units issued (Nil units; September 30, 2008: 7,488,895 units)	-	76,622
Units redeemed (Nil units; September 30, 2008: 188,069 units)	-	1,898
NAFA Cash Fund		
Payment received for the sale of sukuk	-	25,892

	As at September 30,2009	As at June 30,2009
	----- Rupees in '000 -----	
7.2 Amounts outstanding as at period end		
National Fullerton Asset Management Limited		
Management Fee payable	1,568	1,293
Front end load payable	418	120
National Bank of Pakistan		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2009: 7,500,000 units)	76,325	64,302
Balance in current account	69	155
NIB Bank Limited		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2009: 7,500,000 units)	76,325	64,302
Balance in current account	2,213	986
Alexandra Fund Management Pte. Limited		
Investment held by the Sponsor in the Fund (10,000,000 units; June 30, 2009:10,000,000 units)	101,767	85,736
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	105	86
CDS charges payable	14	2
Security deposit	100	100
Executives of the Management Company		
Units held in the Fund (332,858 units; June 30, 2009: 69,899 units)	3,387	599

NAFA ISLAMIC MULTI ASSET FUND

8 EARNING PER UNIT

Earning per unit (EPU) for the year ended September 30, 2009 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

9 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realized or unrealized) to its unit holders.

10 COMMITMENTS

There were no commitments as on September 30, 2009.

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 28 October 2009.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

12.2 The bifurcation of undistributed income into realized and unrealized income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

**For National Fullerton Asset Management Limited
(Management Company)**

Chief Executive

Director